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Terry L. Gloriod

Very truly yours,

Per our conversation, I am enclosing copies of the credit rating submittal of
March 26, 2003. Please let me know if you need anything else.

Dear Maggie,

RE: Docket No. 01-0832

Maggie Muccianite
Illinois Commerce Commission
527 E. Capitol Avenue
Springfield, IL 62601

July 23, 2003

CHIEF CLERK'S OFFICE

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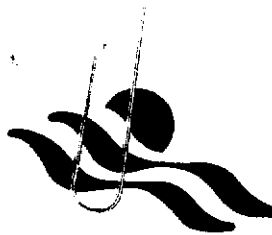
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Illinois
American Water

President

Terry Gloriod



Illinois-American Water Company

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or (618) 236-1547

March 26, 2003

Illinois Commerce Commission
527 E. Capitol Avenue
Springfield, IL 62701

Attention: Elizabeth Rolando,
Chief Clerk of the Commission

Dear Ms. Rolando:

We are providing a March 13, 2003 report from Standard and Poor's which affirms the A+/A-1 ratings of RWE AG.

Very truly yours,

Terry L. Gloriod,
President

S&PCORRECT: RWE AG and U.K. and U.S. Subsidiaries Outlooks Now Neg; 'A+/A-1' Ratings Affirmed

Analyst:

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(Editor's note: The outlook revision mentioned in the second paragraph of this release, published earlier today, was misstated. A corrected version of the release follows.)

LONDON (Standard & Poor's) March 13, 2003—Standard & Poor's Ratings Services said today it revised its outlook on Germany-based utility RWE AG to negative from stable. The 'A+' long-term and 'A-1' short-term ratings on the company were affirmed.

At the same time, Standard & Poor's revised the outlook on RWE's wholly owned water utility subsidiaries, U.K.-based Thames Water PLC, U.S.-based Elizabethtown Water Co., and related entity Thames Water Utilities Ltd. to negative from stable. The 'A+' long-term ratings on all three companies and the 'A-1' short-term rating on Thames Water PLC were affirmed.

"The outlook revision reflects our assessment that RWE's financial profile is stretched for the 'A+' category, the uncertain timing of planned disposals, and the view that any further debt-financed growth, stricter regulation, or greater-than-expected competition would put direct pressure on the rating," said Standard & Poor's credit analyst Amrit Gescher. "RWE's business risks seem to have increased slightly owing to an increasingly proactive approach by the German competition authorities, a tough electricity market in the U.K., and delays to disposals."

The German electricity market provides most of the company's operating earnings. The generation market has consolidated over the past year and wholesale prices have been rising. Regulation may increase, however, which could affect network earnings and accelerate competition.

The majority of RWE's water earnings come from regulated supply and distribution activities in strong service areas, mainly the U.K. and the U.S. RWE's activities in the Czech gas sector and the U.K. electricity market are somewhat riskier.

RWE's financial profile has become significantly more leveraged over the last couple of years, reflecting a series of large acquisitions. The company currently has estimated debt of about €30.0 billion (\$32.8 billion), and unfunded pension liabilities of about €13 billion, offset by more than €12 billion of cash and securities. The company is committed to stabilizing its debt burden.

The negative outlook reflects the limited headroom available to RWE at this rating level. Any debt-funded acquisitions, a change in the company's noncore disposal strategy, or the introduction of a regulator in Germany would put pressure on the rating.

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Fixed Income in the left navigation bar, select Credit Ratings Actions. Alternatively, call one of Standard & Poor's Ratings Desks: London (44) 20-7847-7400; Paris (33) 1-4420-6705; Frankfurt (49) 69-33-999-223; or Stockholm (46) 8-440-5916. Members of the media may contact the Press Office Hotline on (44) 20-7826-3605 or via

media_europe@standardandpoors.com.

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